

## AGRICULTURAL PROCESSING RENAISSANCE ZONES

Michigan has a vibrant food and agricultural industry and is second in our nation in the variety of commodities grown for market. Agricultural Processing Renaissance Zones (APRZ) were created to promote agricultural processing operations in the state of Michigan and to enhance the industry overall. These APRZs differ from Michigan's original renaissance zones because they require them to contain a company's agricultural processing facility and can be located anywhere in Michigan.

**Definition:** 'Agricultural Processing Facility' means one or more facilities or operations that transform, package, sort, or grade livestock or livestock products, agricultural commodities, or plants or plant products, excluding forest products, into goods that are used for intermediate or final consumption including goods for nonfood use, and surrounding property.

The application process begins with community or company officials meeting with a Michigan Economic Development Corporation<sup>SM</sup> (MEDC) business development manager and Michigan Department of Agriculture, Agriculture Development Division Staff, to discuss a project in detail. APRZ applications are submitted by the county or distressed community (Section 11 of PA 346 of 1966) to the MEDC. The city, village or township in which an APRZ is proposed must approve a resolution for abatement of taxes. Applicants must demonstrate the positive economic impact the project will have on the local unit of government and on the state as well as the ways in which the project will strengthen Michigan's agricultural community.

Taxes that facilities located in a renaissance zone do not pay are Michigan Business Tax (MBT), state education tax, personal and real property taxes, and local income tax where applicable. Taxes still due are those mandated by the

federal government, local bond obligations, school sinking fund or special assessments. Companies are not exempt from paying Michigan sales and use tax. Agricultural processing facilities located in APRZs must be current with all state and local taxes in order to be eligible for benefits under the program.

The State of Michigan reimburses intermediate school districts, local school districts, community college districts and public libraries where taxes are abated. The state of Michigan does not replace the tax revenue lost to the local unit of government or other taxing jurisdictions except those listed in the preceding sentence.

The Michigan State Administrative Board, upon recommendations from the Michigan Strategic Fund Board (MSF) and the Michigan Agriculture Commission, approves APRZ designations. Taxes can be abated up to 15 years. In all cases, the tax relief will be phased out in 25% increments over the last three years of the zone designation.

For more information, contact the MEDC Customer Assistance Center at 517.373.9808 and the Michigan Department of Agriculture at 517.241.2178.